

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN WASTEWATER MANAGEMENT, INC. FOR)
APPROVAL PURSUANT TO 26 DEL. C. § 215) PSC DOCKET NO. 18-0328
FOR THE ISSUANCE OF LONG-TERM DEBT)
OBLIGATION (FILED MAY 15, 2018))

ORDER NO. 9227

AND NOW, this 5th day of June 2018, the Delaware Public Service Commission ("PSC" or "Commission") determines and Orders the following:

WHEREAS, on May 15, 2018, Artesian Wastewater Management, Inc. ("AWMI" or the "Company") filed with the Commission, pursuant to 26 Del. C. § 215(a)(2), an application (the "Application") requesting approval from the Commission: (1) to enter into a Master Loan Agreement ("Agreement") between AWMI and CoBank, ACB ("CoBank") in order to facilitate the making of loans between the parties; (2) to enter into a loan in the aggregate principal amount of up to \$7,500,000 in accordance with the terms of Supplement 1 of the Agreement and the related Commitment Letter; (3) to enter into a loan in the aggregate principal amount of up to \$4,500,000 in accordance with the terms of Supplement 2 of the Agreement and the related Commitment Letter; and (4) permission to defer the issuance expenses for review during the Company's next rate application along with cost of capital calculations; and

WHEREAS, according to the Application, AWMI seeks approval of the debt for the Supplement 1 loan to provide long-term financing for approximately 60% of the cost to construct a pipeline between the properties of Allen Harim Foods, LLC and Artesian's Northern Sussex Water Recycling Facility ("ANSWRF") (Application, p. 2); and

WHEREAS, AWWMI's Application also seeks approval of the Supplement 2 loan to provide long-term financing for the expansion and upgrade of the Stonewater Wastewater Treatment Facility ("Stonewater") (Application, p. 3) (ANSWRF and Stonewater are together referred to as the "Loans"); and

WHEREAS, AWWMI states that its financial strategy was to obtain long-term financing at favorable interest rates, and that the Loans will provide financial flexibility to the Company during the construction phases for both projects (Application, p. 3); and

WHEREAS, pursuant to 26 Del. C. §§215(a)(1) and (a)(2), no public utility shall issue any stocks, stock certificates, or notes, bonds or other evidences of indebtedness payable in more than 1 year from the date thereof nor encumber any essential part of its franchises, plant, equipment or other property, necessary or useful in the performance of its duty to the public without having first obtained the approval of the Commission; and

WHEREAS, 26 Del. C. §215(d) provides that the Commission must approve any such transaction when it finds the same to be made in accordance with law, for a proper purpose, and is consistent with the public interest; and

WHEREAS, Staff has reviewed the Application for compliance with the requirements of 26 Del. C. § 215 and 26 Del. Admin C. § 1002 - Part D and submits that: (1) the Loans are in accordance with law, for a proper purpose, and consistent with the public interest for the reasons set forth above; (2) the financing portion of the Application complies with 26 Del. C. § 215 and warrants Commission approval; And

WHEREAS, 26 Del. Admin C. § 1002 Section 3.1.9 requires an Opinion of Counsel with respect to the legality of the proposed issuance of long-term debt; and

WHEREAS, Staff recommends that the Commission order AWMI to file with the Commission copies of its fully-executed commitment letters and all other documents necessary to complete the transaction within 30 days of the date of the closing on the Loans, and that AWMI file the required Opinion of Counsel within 15 days of the date of closing of each of the Loans;

NOW, THEREFORE, BY THE AFFIRMATIVE VOTE OF NO FEWER THAN THREE COMMISSIONERS, IT IS HEREBY ORDERED:

1. The Application seeking approval of authority to enter into the Loans and permission to defer the issuance expenses for review during the Company's next rate application along with cost of capital calculations is GRANTED.

2. The Commission's approval of authority to enter into the Loans and permission to defer the issuance expenses for review during the Company's next rate application along with cost of capital calculations shall not be construed as approving any requested ratemaking treatment for the issuance costs of the Loans in future filings.

3. Within 30 days of the date of the closing on the Secured Loan, AWMI shall file copies of its fully-executed commitment letter and all other documents necessary to complete the transaction.

4. AWMI shall provide the Opinion of Counsel issued to the Commission within 15 days of the date of the closing of each of the Loans.

5. Nothing in this Order shall be construed as a guarantee, warranty, or representation by the State of Delaware or by any agency, commission, or department thereof with respect to the indebtedness of AWMI that may be issued or incurred under the Application which is approved by this Order.

6. AWMI is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 *Del. C.* §114(b)(1).

7. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary